



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

NOTICE OF INTENT TO ACT UPON A REGULATION

Notice of Public Workshop and Hearing for the Adoption of Regulations for the Collateralization of Public Deposits "Pooled Collateral" by the office of the State Treasurer.

The office of the State Treasurer will hold a public hearing at 2:00 pm, on Wednesday, May 26, 2004, at the Grant Sawyer Building, Legislative Counsel Bureau Room #4406, 555 East Washington Avenue, Las Vegas, NV 89101. The hearing will also be available via video conference from the Legislative Building, Room #V2135, 401 South Carson Street, Carson City, NV 89701, as well as over the internet at <http://www.leg.state.nv.us>, and following the instructions on the live meetings sidebar on the right hand side. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of regulations that pertain to the Nevada Pooled Collateral Program authorized in chapter 356 of the Nevada Revised Statutes.

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. The need for and the purpose of the proposed regulation is to establish the administrative requirements for the Nevada Pooled Collateral Program for the monitoring of collateral maintained by depositories for public deposits.
2. The substance of the regulations to be adopted is to establish regulatory language pursuant to the administrative oversight of depositories as amended to NRS chapter 356.300 – 356.390 by the 20th special session. The program is an alternative method being established to allow financial institutions and local government agencies within the State to participate in pooled collateralization of their deposits in an efficient, cost effective and safe manner when collateralizing public funds.
3. The estimated economic effect of the regulation on the business that it is to regulate and on the public is:

- A. Estimated economic effect of the adopted regulations on depository financial institutions.

It is estimated that the regulation has a significant positive economic effect on depositories by lowering the collateral requirement to secure uninsured public deposits, therefore increasing the opportunity for the financial institutions to utilize the funds in a more efficient manner.

(1) Adverse and beneficial effects:

The adverse effect of the regulation on financial institutions is minimal. The depositories are already required to pledge collateral against uninsured deposits, but will now be able to centralize processing and management of all pledging and

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Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

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maintenance of collateral through the State Treasurer's office rather than with each local agency for which they hold public deposits. Beneficial effects include a reduction in overall collateral requirements through the utilization of a single account, versus individual accounts with each government agency, elimination of reporting to government agencies, and the ability to use a single custodian to hold collateral for all government agencies.

(2) Immediate and long-term effects:

The immediate effects are the consolidation of collateral into a pool, effectively freeing up monies that could be used by the depository in another manner. The long term effects are similar to the immediate effects over a longer period of time, as the depository can better manage their collateral requirements.

B. Estimated economic effect of the adopted regulations on public depositors.

It is estimated that the regulation will have a positive economic effect on public depositors. The government agencies will recognize a reduced risk of their deposits through the pooled collateral program.

(1) Adverse and beneficial effects:

There are no adverse effects to the public depositors. The beneficial effects include elimination of pledging and maintenance of fluctuating collateral balances for public deposits accounts, and increased reporting capabilities of pledged securities for public deposits, as managed through the office of the State Treasurer.

(2) Immediate and long-term effects:

The immediate effects are centralized management of activities to maintain pledged collateral requirements, as well as consolidated reporting through the office of the State Treasurer, eliminating the need to work with each depository. The long term effects are similar to the immediate effects over a longer period of time, as the public depositor will find a more efficient manner to track public deposits through a centralized reporting function through the office of the State Treasurer.

4. The estimated cost to the agency for enforcement of the proposed regulation.

There is no additional cost to the office of the State Treasurer for enforcement of this regulation. All costs related to this regulation are paid for by the participating depositories.

5. A description of and citation to any regulations of other state or local governmental agencies that the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the proposed regulation overlaps or duplicates a federal regulation, the notice must include the name of the regulating federal agency.

There are no other state or local government agency regulations that the proposed adopted regulations duplicate.

6. If the regulation is required pursuant to federal law, a citation and description of the federal law.

The regulation is not required by any federal law.

7. If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.

There are no provisions in the proposed regulations that are more stringent than a federal regulation. Therefore, the proposed regulations are in compliance with federal regulations and are not more stringent than federal requirements and regulations.

8. Whether the proposed regulation establishes a new fee or increases an existing fee.

This regulation provides for a new annual administrative fee paid for by the participating depositories. The fee calculation is allocated across the depositories based upon public deposit balances held at the depository. The annual amount collected is based on the pooled collateral work program budget, and 100% of the fees collected are allocated to the administrative services for the pooled collateral work program. At the beginning of each fiscal year, the State Treasurer will calculate the assessment for the previous fiscal year and adjust each depository's account on the next fiscal year's assessment.

Persons wishing to comment upon the proposed action of the office of the State Treasurer may appear at the scheduled public hearing or may address their comments, data, views, or arguments in written form to office of the State Treasurer, 555 E. Washington Ave., Suite 4200, Las Vegas, NV 89101. Written submissions must be received by the office of the State Treasurer on or before Friday, May 21, 2004. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the office of the State Treasurer may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation to be adopted will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation to be adopted will be available at the office of the State Treasurer, 555 E. Washington Ave., Suite 4200, Las Vegas, NV 89101, or the office of the State Treasurer, 101 North Carson Street, Suite 4, Carson City, Nevada 89701, on the internet at <http://NevadaTreasurer.gov>, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours.

This notice and the text of the proposed regulation are also available in the state of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at <http://www.leg.state.nv.us>. Copies of this notice and the proposed regulation will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption or incorporate therein its reason for overruling the consideration urged against its adoption.

This notice of hearing has been posted at the following locations pursuant to the provisions of chapters 233B and 241 of Nevada Revised Statutes:

Clark County Government Offices, 500 Grand Central Parkway, Las Vegas

City of Las Vegas, City Hall, 400 Stewart Avenue, Las Vegas

Grant Sawyer State Office Building, 555 E Washington Ave., 1st Floor, Las Vegas

Notice of this meeting was faxed for posting to the following Nevada locations:

Blasdel Building, 209 East Musser Street, Carson City

Capitol Building, 1st & 2nd floors, Carson City

Capitol Press Corps, Basement, Capitol Building 101 North Carson Street, Carson City

Legislative Building, 401 South Carson Street, Carson City

Nevada Bankers Association, One East Liberty Street, Reno

Nevada Press Association, 102 North Curry, Carson City
Nevada State Library, 100 Stewart Street, Carson City

On the Internet at <http://NevadaTreasurer.gov>

We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the hearing. If special arrangements for the hearing are necessary, please notify Drew Solomon in writing at the office of the State Treasurer, 555 E Washington Ave, Suite 4200, Las Vegas, Nevada 89101 or call (702) 486-2585.